



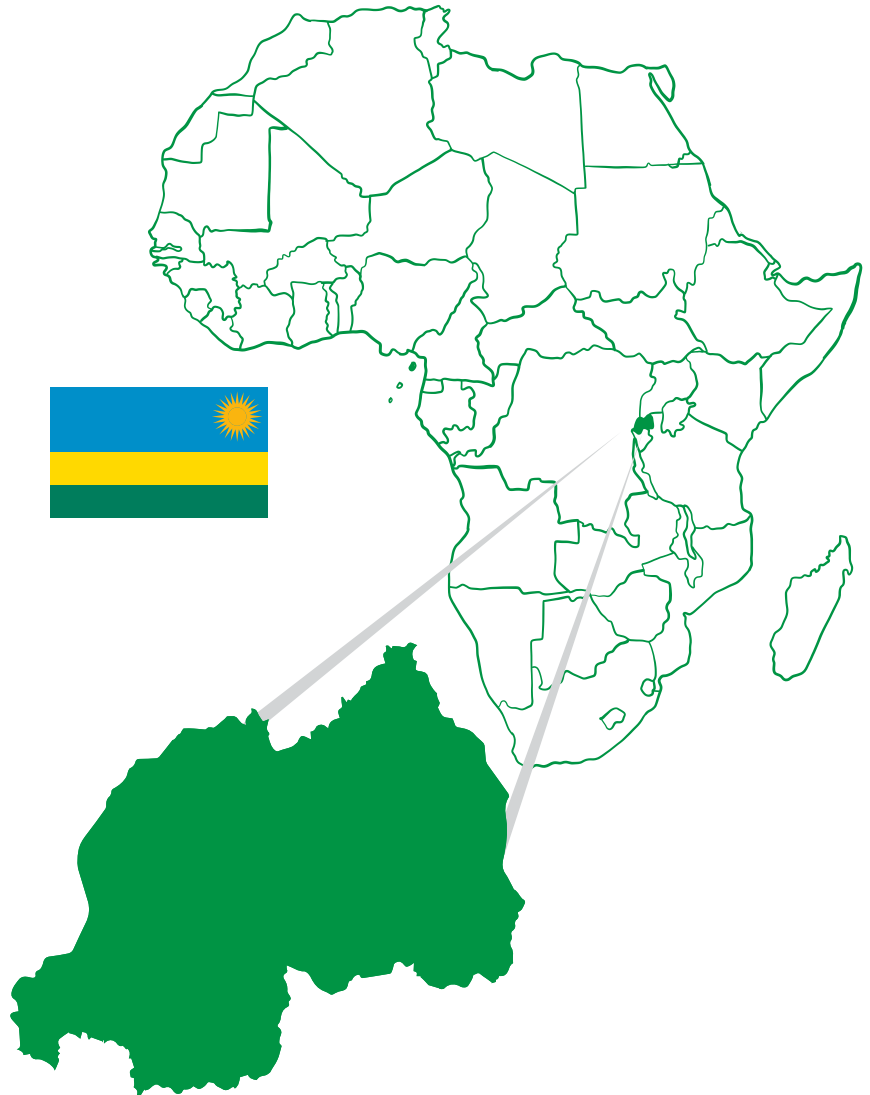
AfDB-RDGE COUNTRY PROFILES

RWANDA

SECTION 1 – COUNTRY OVERVIEW

Geography and Demography

- **Location:** A landlocked country in the Great Rift Valley, where the African Great Lakes and East Africa converge. It is bordered by Uganda, Tanzania, Burundi, and the Democratic Republic of the Congo.
- **Topography:** Highly elevated, giving it the sobriquet, “land of thousand hills”. Rwanda’s layout is dominated by mountains in the west and Savanna to the east, with numerous lakes across the country. The climate is temperate to subtropical, with two rainy seasons and two dry seasons each year.
- **Landmass:** 26,338 km².
- **Population:** Estimated at 12.96 million in 2021, mostly young, predominantly rural, growing at an estimated rate of 2.5%. Rwanda is the most densely populated mainland African country. The population comprises just one cultural and linguistic group, the Banyarwanda. However, within this group are three subgroups: Hutu, Tutsi and Twa.



Political Governance

Constitutionally a multi-party democracy. The Head of State is the President, who is elected by popular vote every seven years. The incumbent President is Paul Kagame. The Rwandan Parliament consists of two chambers: The Chamber of Deputies and the Senate. The Chamber of Deputies has 80 members serving five-year terms. Twenty-four of these seats are reserved for women, elected through a joint assembly of local government officials. Another three seats are reserved for youth and physically disadvantaged members. The remaining 53 are elected by universal suffrage under a proportional representation system. The Senate is composed of 26 elected members, out of which at least 30% must be women.

Economic and Social Development



Leadership: The Minister for Finance, Minister of State in Charge of Economic Planning, the Minister of State in Charge of the National Treasury, and the Governor of the National Bank of Rwanda are responsible for policy and regulatory decisions that concern Rwanda's socio-economic direction.



GDP growth and per capita income: Rwanda has recorded an impressive economic and per capita growth averaging 7.3% and 5.7%, respectively, in the period 2015-2019. However, the Covid-19 pandemic drove the economy into a recession of -0.4% in 2020.



Economic mainstay: The service sector accounts for the largest share of output, averaging 49% of GDP over the last ten years. Agriculture and industry have accounted for an average of 25% and 18% of GDP respectively in the same period.



Poverty level: As per the results of the 2018 Integrated Household Living Conditions Survey (EICV), headcount poverty reduced from 44.9% in 2011/12 to 38.2% in 2016/17.



Gender: The global gender gap index on health, education, economy and politics ranks Rwanda at the top in closing the gender gap in Sub-Saharan Africa, with an overall score of 79.6% in 2020 on all four dimensions.



Life expectancy: Improved to 67.8 years in 2020 from 65 years in 2014.



Inflation: Inflation rose to 6.6% in 2020 from 1.4% in 2018, breaching the 5% Central Bank's policy target, mainly due to high food prices, stoked by disruptions to regional and domestic supply chains as a result of Covid-19.



Unemployment: 17.9% as per the 2020 Labour Force Survey, the highest since 2017 (15.2%). The rate is higher among females (20.3%) than males (15.9%); among young people (22.4%) than adults (14.1%); and in the urban (18.1%) compared to rural areas (17.7%).



Long-Term national vision: As per Vision 2050, Rwanda aims to become a middle-income country by 2024 and a high-income state by 2050. The Vision 2050 is being implemented through a series of National Structural Transformations (NSTs). The current one is the first (NST-1), covering 2017-2024. It is built on three main pillars: (i) Economic Transformation (ii) Social Transformation, and (iii) Transformational Governance.



Structural reforms: Rwanda continues to pursue aggressive structural reforms to support its transformation agenda. The country currently ranks second in Africa behind Mauritius on the World Bank Ease of Doing Business index. It ranked first on the continent on the 2018 Country Policy and Institutional Assessment (CPIA) by the African Development Bank and the World Bank.



Regional integration: It presently chairs the East African Community (ECA) and member of the Common Market for Eastern and Southern Africa (COMESA) and has signed and ratified most of the regional economic integration and cooperation protocols and agreements in these two blocks.

SECTION 2 – AfDB COUNTRY STRATEGY

AfDB in Rwanda

The Bank started operations in Rwanda in 1974, but the country office opened in 2006. Cumulative lending stood at \$2.65 billion as of June 2021, mainly in energy, transport, water and sanitation. Other sectors are agriculture, skills and human development (education), governance, and Line of Credit.

Current country strategy

The Bank's Country Strategy Paper (CSP) 2017-2021 for Rwanda aims to accelerate economic transformation by boosting inclusive private sector-led growth and creating higher value-added formal wage employment. The two key development pillars of the strategy are:

- Investing in energy and water infrastructure to enable inclusive and green growth.
- Developing skills to promote high value-added economic activities and economic transformation.

The CSP aligns with the National Strategy for Transformation (NST-1) 2017-2024. It is also aligned with the East Africa Regional Integration Strategy Paper (RISP) 2018-2022, the African Development Bank's Ten-Year Strategy (TYS) 2013-2022, and the Bank's High 5s. The pillars remained the same at mid-term.

SECTION 3 – COUNTRY PORTFOLIO, FINANCING INSTRUMENTS AND IMPACT

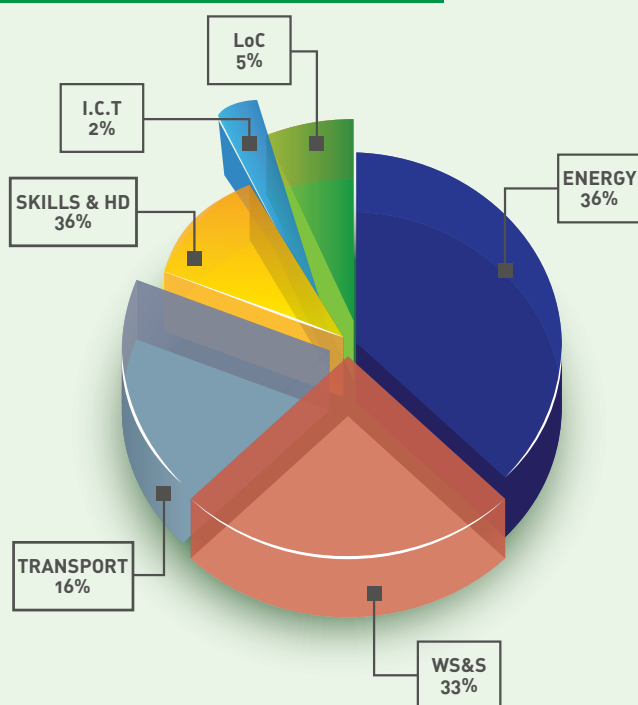
Portfolio and Financing Instrument

- **Commitment:** As at 1st June 2021, the Bank Group's ongoing portfolio in Rwanda comprised 26 projects, representing a total commitment value of UA 1.01 billion (\$ 1.45 billion).
- **Financing instruments:** Of the ongoing operations, 59% of the total portfolio is financed from the ADB window, 36% from the ADF window, and 5% from Trust Funds. The total Bank Group financing during the 2017- 2021 CSP period amounted to UA 667.16 million (\$958.04 million), with allocation crossing over two ADF cycles, i.e. the ADF-14 (2017-19) and the first two years of the ADF-15 (2020-21).

Before the Covid-19 pandemic, Rwanda was no longer eligible for grants from the PBA envelope following its categorisation as a low debt distress country. However, the Covid-19 crisis has affected domestic revenue generation and the public debt, causing a shift in its debt risk level from low to moderate. This has changed the composition of ADF resources to make Rwanda eligible for loans and grants.

- **Portfolio distribution:** The portfolio has 18 sovereign operations valued at UA 927.01 million (\$1.33 billion) and eight non-sovereign operations worth UA 86.86 million (\$124.73 million). The sovereign operations consist of 12 national and six multinational operations with total values of UA 734.63 million (\$1.06 billion) and UA 192.38 million (\$277.93 million), respectively. The value of commitments in Trust Funds is about UA 51.82 million (US\$ 74.86 million).

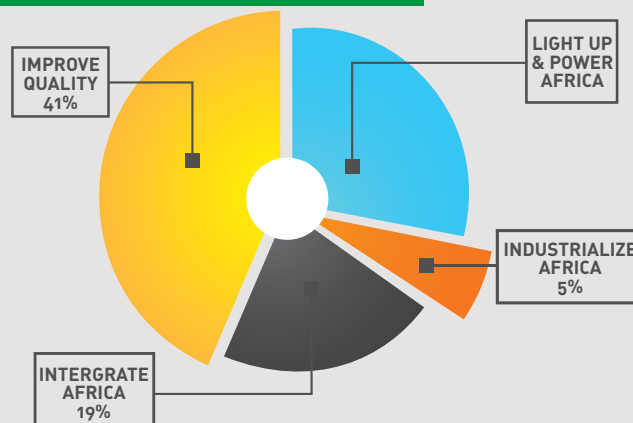
% Portfolio Contribution by Sector



The ongoing operations are dominated by infrastructure investments representing 84.25% share, distributed as follows: Energy 35.79%; Water Supply & Sanitation 33.14%; and Transport 15.35%.

- **Distribution across High 5:** In terms of the High-5 priority areas, the portfolio is distributed as follows: Improve Quality of Life (41%); Light up and Power Africa (35%); Integrate Africa (19%), and Industrialize Africa (5%) as presented below.

% Portfolio Distribution by High5



- **Activity:** The current work programme comprises 27 lending and 10 non-lending activities, mainly studies related to sector profiles, the impact of Covid-19 on selected sectors of the economy and private sector. Six of the 10 non-lending projects have been completed, while four are ongoing.
- **Donor coordination:** The Bank is a key player in development partner coordination and dialogue with the government on the national development agenda and key policy reforms. Under the revised Division of Labour (DoL), the Bank is mapped into water supply and sanitation and energy sector as a leader of the sector working group (SWG). The Bank is also an active partner in the transport and private sector, and youth employment SWGs. The SWGs are technical dialogue forums for advancing sector-wide harmonisation and alignment of development delivery. They fall under the Development Partners Coordination Group (DPCG), which is the highest-level dialogue forum between the authorities and the donors on aid effectiveness.
- **Co-financing:** The Bank co-finances and/or does parallel financing with other development partners in implementing different projects in Water Supply and Sanitation, Energy and Transport sectors, to a tune of UA 266.86 million or \$385.52 (equal to 21.05% total resources) of the ongoing projects. The current partners include OPEC Fund for International Development (OFID), European Investment Bank (EIB), the World Bank, JICA, European Union (EU), and KfW.

IMPACT

The CSPs 2013-2016 and 2017-2021 have recorded impressive achievements, which include the following:

Water and Sanitation

- About 2.1 million and another 230,250 people have gained access to water and sanitation services, respectively. More than 2.85 million and another 656,480 people are expected to benefit from access to water and sanitation services, respectively, from ongoing projects.
- Training in planning, project management, operations and maintenance have improved human resource capacities.

Energy

- A total of 30,636 households, 32 health centres, 210 schools and 52 local administrative offices have benefited from grid access. About 27% of the connections benefited female-headed households.
- Increased power supply reliability and stability due to the upgrading and rehabilitation of two substations: Rulindo and Gifurwe.



- A total of 98km of 220kV Interconnection Line Rwanda – Uganda; 180km of 220kV interconnection line Rwanda – DRC constructed, completed, and commissioned, and five associated substations constructed.
- Ongoing project to contribute to 117.5 km 220kv Transmission Line and 220/30kv substation.
- Technical support through i) consultancy supervision services; ii) environmental and social management, and iii) institutional capacity building to ensure the sustainability of the project infrastructure and associated benefits.



Transport

- The percentage of national roads in good condition has improved from 63.2% in 2012 to 96.5% in 2020. This is partly because the total length of paved roads has increased from 200 km in 2010 to over 1,973 km in 2020. Road connectivity has improved for over 6 million people (close to 50% of the population). For instance, travel time on Kagitumba-Kayonza-Rusumo road has been reduced from 6 hours in 2015 to 3 hours in 2020.
- Over the past 10 years (2011-2020), the average time travel reduced by between 50% and 67%.
- The average transport cost per vehicle kilometre has reduced by over 40% from about \$0.84 before upgrading/rehabilitation to less than \$0.50 on the upgraded/rehabilitated roads.
- Enhanced the regional trade and integration between Rwanda and its four neighbouring countries: Burundi, Uganda, Tanzania, and the Democratic Republic of the Congo (DRC). It also facilitated market access for agricultural inputs and produce and education and health facilities.
- Over 30,000 direct full-time and temporary jobs were created during the road construction phases.

Skills and Human Development

- The Bank's support for reforms in the sector has contributed to the improvement in TVET. The share of TVET enrolment as a percentage of the upper secondary stream rose from 42% to 55.9% in 2017.
- Awareness campaigns contributed to a significant increase in the number of start-up SMEs annually. The target on the percentage (%) of employers who are satisfied with the TVET graduates was only marginally below target, with 97% achievement.
- Establishment of Rwanda ICT Centre of Excellence, in collaboration with the Government, provides world-class Masters programmes in computer sciences and ICT that have proven to have high employment rate¹. This Regional Information Centre of Excellence stands out as the best example of the Bank's projects supporting state-of-the-art facilities. It has impacted not only Rwanda but also other countries across Africa.
- 60 initiatives have been created from business development and partnerships, a knowledge lab (KLAB) (10% owned by women).
- The Bank supported the Made in Rwanda Policy around the diversification of exports² (horticulture, hides and skins), increasing the share of exports to GDP from 8.6% in 2016 to 12.3% in 2019.

Private Sector Investments

- The Bank provided lines of credit (LoC) amounting to more than \$20 million to the Development Bank of Rwanda and the Bank of Kigali to finance 106 subprojects in real estate, manufacturing, hospitality, education, commerce and trade. As a result, 1,141 permanent jobs were created, of which 574 went to female beneficiaries.
- On-lending to various transformational sectors (agriculture, agri-business, construction, manufacturing and education) has touched the lives of the poor and

¹The job placement rate for the graduates of the programme is 100%, exceeding the indicative target of 90%, and employer satisfaction is reported to be 95%

²Main exports are mainly coffee, tea and minerals.

marginalised Rwandans, improving their social and economic wellbeing. It has contributed to the economy in diverse ways, i.e., through an increase in the taxes paid to government, growth in agro-processing and increased visibility of Rwanda's hospitality sector (hotel and restaurant projects).

COVID Support

In the wake of the Covid-19 pandemic, the Bank in July 2020 supported Rwanda's Covid-19 Crisis Response Budget Support Programme with an ADF grant of \$100 million for the National Preparedness and Response Plan (NPRP) and Economic Recovery Plan (ERP) to mitigate the economic and social impacts of the pandemic on local businesses and vulnerable households.

Bank Completed Projects

Lending

- Lake Victoria Water Supply and Sanitation Programme (LVWATSAN). Today, other similar projects are being implemented across the country to achieve universal access to sanitation services by 2024.
- Kigali Bulk Water, a public, private partnership (PPP) project, the first of its kind which involves extracting groundwater, build-and-operate a 40,000m³/day treatment plant to supply water to Kigali and Bugesera.
- Scaling Up Energy Access Project (SEAP)
- NELSAP regional Interconnection Project
- Butare-Kitabi-Ntendezi Road
- The Skills and Business Development Programme (SBDP), a three-year Policy-Based Operation implemented to support policy reforms to boost domestic production through skills development and enterprise growth for job creation.

- The Skills, Employability and Entrepreneurship Programme III (SEEP III), a budget support programme.
- The Rwanda Regional Information Centre of Excellence. The Project had a unique implementation where Carnegie Mellon University entered a management memorandum of understanding with the government to deliver training.
- Support to Science and Technology Skills Development Project (STSDP).
- Skills Development in the Energy Sector (SDES) Project.

Non-lending

The Bank supported the production of the Investment Prospectus (IP) and the Forestry Investment Plan (FIP). The IP will facilitate investment in the energy sector that should advance the country's progress towards its policy objectives relating to energy access, renewable energy power generation, addressing the unsustainable imbalance between the consumption and production of biomass, as well as improved energy efficiency levels.

The FIP will guide the Government of Rwanda on how to convert forests into business ventures and make them sustainable while providing income to support rural livelihoods. From the Green Growth and Climate Resilience Strategy (GGCRS) thematic areas, FIP will address two programmes of action, namely: Forest Ecotourism, Forest Conservation and Promotion of Payment for Ecosystem Services (PES) in Protected Areas and Sustainable Forestry, Agroforestry and Biomass Energy.

SECTION 4 – COUNTRY OFFICE STAFF LIST AS AT NOVEMBER 2021

	NAME	TITLE
1.	Aissa TOURE SARR	Country Manager
2.	Fauzia M. HAJI	Country Programme Officer
3.	Yusuf Bob FODAY	Senior Country Economist
4.	Bernis BYAMUKAMA	Senior Macroeconomist
5.	Claudine SIMBI GAKINAHE	Secretary to the Country Manager
6.	Amandine UMUKESHA,	Senior Water and Sanitation Specialist
7.	Eric NKUNZI MUGEMANE	IT Officer
8.	Elke ISIMBI BONHOMME	Disbursement Assistant
9.	Fredrick TUMWINE	Finance and Administration Assistant
10.	Jean Claude MUSUHUKE	Driver
11.	Barbara HIGIRO	Secretary/receptionist
12.	Methode GAHIZI	Driver
13.	Peter MALINGA	Principal Social Economist
14.	Singa SUMAYIYA	Office assistant, STS

SECTION 5 – ADDRESS AND CONTACT INFORMATION OF COUNTRY OFFICE

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